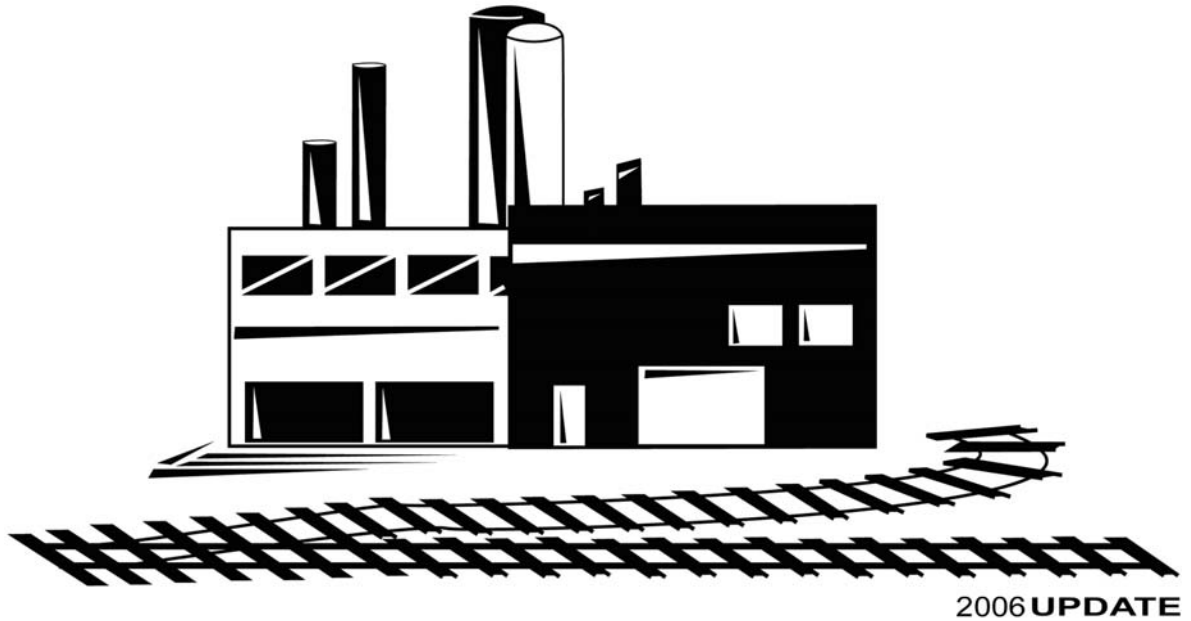


RAILROAD INDUSTRIAL ACCESS PROGRAM



APPLICATION PROCEDURES

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APPENDIX A PROJECT SELECTION CRITERIA POINT SELECTION

Required sample documents, certification, and resolutions are included in the Rail Industrial Access Document Package. This package can be found on the Rail Industrial Access Certifications page. Log into OLGA at <https://olga.drpt.virginia.gov> and go to the Rail Industrial Access application to locate this package.

INTRODUCTION

I-A. PURPOSE:

The General Assembly of Virginia as enacted under Section 33.1-221.1:1 of the Code of Virginia declared its purpose for the Industrial Access Railroad Tracks Program. The General Assembly declares it to be in the public interest that access railroad tracks and facilities be constructed to certain industrial commercial sites where rail freight service is or may be needed by new or substantially expanded industry and that financial assistance be provided to areas seeking to furnish rail freight trackage between the normal limits of existing or proposed common carrier railroad tracks and facilities and the actual site of existing or proposed commercial buildings or facilities.

I-B STATE POLICY:

The Commonwealth Transportation Board on November 16, 1995 passed a resolution for the use of Industrial Access Railroad Tracks Program to provide funding which is intended to be used as an incentive to encourage industrial or commercial development in the Commonwealth of Virginia. It is not intended to fund projects that will not have a significant economic impact.

I-C PROGRAM CONTACT

Questions related to the Industrial Access Railroad Tracks Program should be directed to the Department of Rail and Public Transportation, Freight Rail Operations, Policy and Planning Section at the following address, and phone and fax numbers.

Kevin B. Page, Manager of Rail Development Programs
Virginia Department of Rail and Public Transportation
1313 East Main Street, Suite 300
P.O. Box 590
Richmond, Virginia 23218-0590

Telephone (804) 786-3963
FAX (804) 225-3752
email: kevin.page@drpt.virginia.gov

PROGRAM ADMINISTRATION

II-A ADMINISTRATIVE RESPONSIBILITY

The industrial access railroad track program is administered by the Director of the Department of Rail and Public Transportation (DRPT) in accordance with decisions of the Commonwealth Transportation Board. The Director may consult with the Commissioner of Agriculture and Consumer Services, the Director of the Office of Business Assistance, and the Director of the Economic Development Partnership (or their designated representatives) concerning applications for funds in accordance with the Code of Virginia. The DRPT staff will receive and process applications, make recommendations to the Board, and supervise the program and approve for payment the costs incurred and invoiced by the Grantee.

APPLICATIONS FOR FUNDING MUST BE ADDRESSED TO THE FOLLOWING:

**Matthew O. Tucker, Director
Virginia Department of Rail and Public Transportation
1313 East Main Street, Suite 300
P.O. Box 590
Richmond, Virginia 23218-0590**

II-B ELIGIBLE RECIPIENTS

The following organizations are eligible to apply for Industrial Access Railroad Track funding:

1. Business, Commercial or Industrial Enterprises
2. Municipal and County Governments may apply for funding on behalf of a business, commercial or industrial enterprise
3. Local Departments of Economic Development may apply for funding on behalf on business, commercial or industrial enterprise
4. Railroads

All applications for industrial access railroad track funds shall be discussed with the appropriate local government. Each application shall be accompanied by a resolution from the local governing body requesting that such funds be allocated to the proposed project. The Rail Industrial Access Program is coordinated with the Economic Development Partnership or the Office of Business Assistance. This effort is reflected in the project selection criteria point system.

II-C ELIGIBLE COST

Eligible project cost includes the following:

1. Site Preparation (including grading and drainage)
2. Track Construction
3. Track Reconstruction
4. Track Improvement

5. Engineering
6. Environmental Mitigation

Funds may be used to construct, reconstruct, or improve part or all of the necessary tracks and related facilities on public or private property currently used or being developed, existent or prospective, for single industries or industrial subdivisions under firm contract or already constructed, including those subdivisions owned or promoted by railroad companies and others.

II-D INELIGIBLE COST

Ineligible project cost includes the following:

1. Relocation of Utilities
2. Switches and track to clear point connecting the access track to the main line
3. Acquisition of Right-Of-Way

If the total project costs exceed the available funds for a specific project, the expenditures will be approved in the following priority order: 1) track materials, 2) installation, 3) engineering, 4) drainage, 5) grading, 6) environmental mitigation. Eligible items of construction shall be limited to those items necessary to provide adequate and safe rail service between the clear point and the industry being served.

II-E ALLOCATION OF FUNDS

No more than \$450,000 of the funds shall be allocated to any one county, town, or city in any fiscal year. No more than \$300,000 of unmatched funds may be allocated to any one project in any fiscal year. The unmatched funds may be supplemented with additional matched funds, in which case the matched state funds shall not be more than the annual locality allocation. Any funds in excess of \$300,000 shall be matched dollar-for-dollar by the recipient or from other non-program sources. The amount of industrial access railroad track funds allocated to a project shall not exceed 15 percent of the capital outlay of the designated business. The 15 percent limitation and the maximums on matched or unmatched funding may be waived at the discretion of the Board.

The Board may consider a supplementary allocation to any project, provided such supplementary allocation does not exceed the established funding limitation for the project. The Director shall have the authority to increase the allocation to any project by 10 percent due to unanticipated problems provided such increases do not exceed the funding limitation for the project.

The Board shall, in the evaluation of projects, consider the cost of construction of an access track in relation to the prospective volume of rail traffic, capital investment, potential employment, or other economic and public benefits.

II-F EXPENDING COMMITTED FUNDS

Committed industrial access railroad track funds are those funds allocated to a project but not necessarily spent in the year of allocation. Committed funds shall be expended within 24 months. The Director may extend this time limit for a reasonable period.

II-G OWNERSHIP AND THE COMMONWEALTH'S RETAINED INTEREST

The Applicant/Designated Grantee shall be contractually committed to providing the Commonwealth with a contingent interest in that portion of trackage and facilities constructed or improved with the use of industrial access railroad track funds, for the useful life of the project as determined by the Director of the Department of Rail and Public Transportation. Said portion shall be defined by the agreement. The access railroad track shall be made available for use by all common carriers using the railway system to which they connect. A certification issued by the landowner or using business stating that they will provide for the continuous maintenance and assume the liability of the tracks and facilities.

Guarantees as to the right of way and adjustment of utilities, to include their source of donation or funding shall be given by the landowner or using business.

Any cost involved in any subsequent relocation or removal of industrial access railroad track facilities shall be borne by the landowner, using business or developer. Following relocation, the Commonwealth's interest will be redefined. In case of removal, the Commonwealth will be reimbursed the value of the facilities in which it has an interest.

II-H PURCHASING OR SELLING INDUSTRIAL ACCESS TRACKS

The Commonwealth may, at its option, allow the industry; using business or developer to purchase the Commonwealth's interest in an industrial access railroad track facility at a value determined by the Director. In the event the landowner, using business or developer desires to sell their property or interest on which access tracks have been constructed under this program, said sale will be subject to the Commonwealth's vested interest and written approval.

II-I INDUSTRY CERTIFICATIONS AND REPAYMENT

The industry shall certify that it will provide the jobs and the rail traffic (carloads) indicated in the project application.

The grant recipient will be required to repay the Department its contribution to the cost of the construction and materials, less depreciation if the project tracks are abandoned, relocated or sold (without a grant assignment).

II-I INDUSTRY CERTIFICATIONS AND REPAYMENT (Continued)

The grantee will also be required to repay the Department its contribution to the cost of the access track if:

1. Rail use (carloads) for the first five years is significantly below the commitment levels specified to qualify the applicant for funding.
2. Job commitment for the first two years falls significantly below the commitment levels specified to qualify the applicant for funding.

II-J ACCOUNT RECORDS, REPORTS

The Grantee shall establish and maintain separate accounts for the project. The Grantee and its subcontractors shall retain all records pertaining to this project for three years from the date of the final payment from the DRPT.

II-K PAYMENT

The Grantee shall submit copies of the paid invoices with a letter requesting reimbursement as soon after the project has been completed as possible. However the request for payment must be within the twenty-four month contract period for expending funds. The Director may extend the contract period due to extenuating circumstances upon receipt of a request.

Once the Department has received notice that the project has been completed it shall perform a field review of the project to ensure that the project has been successfully completed. This shall be done as quickly as time permits but not later than twenty days from receiving the notice that the project has been completed.

II-L PROJECT SELECTION AND IMPLEMENTATION

The Department of Rail and Public Transportation will assemble all necessary data and documents and review the proposals. Using the procedures outlined, the Department will develop recommendations. These recommendations will be provided to the Director who will present recommendations to the Board Committee. The Board Committee will provide recommendations to the Board that will establish priorities and allocate funds for selected projects.

Following the approval of project funding, the applicants will be notified of the results. The successful applicants will be required to enter into the contractual commitments required under Item 5 of the Industrial Access Railroad Track Policy pertaining to responsibility for maintenance, liability, relocation, and removal. In projects involving the reconstruction or improvement of existing tracks or facilities, only those materials installed with the use of

industrial access railroad track funds shall become subject to the contingent interest

requirements of the Commonwealth. Ownership of materials and facilities in place prior to project implementation shall remain with the original owner.

An inspection and documentation of the work performed and materials installed will be made prior to final audit and payment.

All approved invoices will be transmitted to the Virginia Department of Transportation for payment from funds allocated for the Access Programs.

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APPENDIX A

PROJECT SELECTION CRITERIA POINT SYSTEM

PROJECT SELECTION CRITERIA POINT SYSTEM
 (80-100 EXCELLENT) (65-80 GOOD) (50-65 FAIR)
 UNDER 50 WILL NOT BE RECOMMENDED

1. Total Number of Carloads (Annually)
 - a. 501 or greater 20 points
 - b. 401 to 500 17 points
 - c. 301 to 400 14 points
 - d. 201 to 300 11 points
 - e. 101 to 200 8 points
 - f. 100 or less 5 points

2. Added Employment
 - a. 101 or greater 20 points
 - b. 76 to 100 17 points
 - c. 51 to 75 14 points
 - d. 26 to 50 11 points
 - e. 25 or less 8 points

3. Commonwealth's Portion of Track Construction per Initial Capital Investment Cost
 - a. 0.03 or less 10 points
 - b. 0.04 to 0.06 8 points
 - c. 0.07 to 0.10 6 points
 - d. 0.11 to 0.14 4 points
 - e. 0.15 2 points

4. Jurisdictional Unemployment Rate (Statewide Unemployment Rate [R])
 - a. (R + 2.5) or greater 20 points
 - b. (R + 2.0) to (R + 2.4) 17 points
 - c. (R + 1.5) to (R + 1.9) 14 points
 - d. (R + 1.0) to (R + 1.4) 11 points
 - e. (R + .9) or less 8 points

5. Project included by Virginia Economic Development Partnership or the Virginia Department of Business Assistance as part of initiatives to bring or expand industry in Virginia. 10 points

6. Non-State Contributions to Track Construction

- | | |
|-------------------|-----------|
| a. 41% or greater | 10 points |
| b. 31% to 40% | 8 points |
| c. 21% to 30% | 6 points |
| d. 11% to 20% | 4 points |
| e. 10% or less | 2 points |

7. Contributes to the long term viability of a branchline 10 points

Note: Any applicant receiving less than 50 points will not receive a favorable recommendation from the staff unless there are extenuating circumstances.

In the event that two or more projects receive identical scores, the Fiscal Stress Index developed by the Commission on Local Government may be used to determine funding priority.

- o Forms of property control other than ownership will be considered.
- o These situations will have to be studied on a case by case basis due to the potential for loss of connecting service.
- o Use unemployment data for the latest available period.